

Asset Description

**South Tacoma Village
8601 & 8765 South Tacoma Way
Tacoma, WA 98499**

**Information provided in the Asset Description is from excerpts of an
evaluation dated August 10, 2002**

Area Description

The subject is located in Pierce County, which is found in the Puget Sound region of western Washington. The region's economy is more diverse than a decade ago and now generally mirrors the national economy. There are major contributions from the industrial, technology, international trade and government (military) sectors found in Pierce County. The region has experienced above-average job and population growth over the past decade, and initial economic forecasts for 2001 anticipated sustained economic growth that would place it in the top 10% of the fastest growing areas in the US. However, spikes in energy costs, the collapse of many dot.com companies, recessions in most Pacific Rim countries (particularly Japan), and the impact of the 9-11 terrorist attacks on the travel and aerospace industries have resulted in a regional recession that is worse than the nation as a whole.

The state unemployment rate has risen to its highest levels since 1992, and further cutbacks have been announced by Boeing, reaching as many as 20,000 jobs lost by mid-2002. 1st quarter 2002 Washington State unemployment was 7%. Current forecasts predict a regional decline in employment of 2% in 2002, despite a gradual recovery in the state's GDP. Employment is now not expected to recover to the peak level reached in the first quarter of 2001 until the first quarter of 2004.

Helped by increased federal spending, low interest rates, and falling energy prices, the consensus forecast for the national economy is recovery from recession in early 2002, with growth up to 4% by the end of the year. Regionally, recovery may be delayed by as much as three quarters due to the Boeing layoffs and extensive losses in the technology sector. Positive growth is anticipated in the fourth quarter of 2002.

Tacoma had been stigmatized in the 1970s because of pollution generated from Arasco and in the Tideflats. Air quality coupled with a retail exodus from the CBD to the suburban malls kept growth limited to various suburban neighborhoods. Rents remained fairly stable in some sectors, with few surprises. With the development of UW Tacoma and the Washington State History Museum in the early 1990s, Tacoma CBD began a turnaround. Tacoma is now in a classic revitalization phase attracting national retailers to Tacoma-Pierce County. Infusing future progress is City of Tacoma's Click high-speed network and new construction projects underway in Tacoma. Dotting the landscape will include a convention center on Commerce, Hollander's proposed limited service hotel on Pacific Avenue, Museum of Glass (\$41 million), Tacoma Art Museum (\$25.4 million), UW Tacoma Technology Center (\$16.3 million), Pioneer Museum of Motorcycles & Conference Center (\$10 million) and various large scale retail/residential projects such as Thea's Landing. Threatening to siphon demand for Tacoma's CBD revitalization is Cosmos' plan to construct a million square feet of office and hotel (\$120 million) in the Tacoma Dome area. Cosmos plan is on hold as Tacoma's City Council weighs to replace it with LeMay's proposed 500,000 square foot museum to display his 3,000+ automobile collection. Local economists predict the long term prospects for Tacoma-Pierce County are favorable, however this may be tempered with occasional setbacks over the short term.

Population is approaching 713,400 in 2001 with average annual wage per job at \$30,100, as of 2000. The early 1970s was negatively impacted by a severe recession stemming from an economy dependent on Boeing which suffered loss of over half of its workforce.

	<u>1970-1979</u>	<u>1980-1989</u>	<u>1990-1999</u>
Annual Population Growth	1.8%	2.1%	2.0%
Annual Income Growth	10.1%	3.9%	4.8%

Income growth is expected to remain strong as Tacoma-Pierce County aggressively attracts a higher educated population base, coupled with UW Tacoma's presence, and sheds its historical blue-collar workforce image. Most of the new population growth is following a southwest pattern into Puyallup/Spanaway/Fredrickson neighborhoods along State Route 512, as this area has land available at affordable prices for new home construction.

Commercial & Industrial Real Estate Sectors

Office Market

Tacoma, Seattle, Bellevue and Renton metropolitan CBD office markets are currently experiencing rising vacancy and declining lease rates. According to the Insignia-Kidder Mathews Office Vacancy Report, office vacancy rate for the Pierce County dipped to 14.66% at the end of 2001. According to CB Richard Ellis, the highest vacancy rate reported was in Kent at 28%. In downtown Bellevue approximately 45% of the available inventory is sub-leased space. Brokers indicate Bellevue's overall office vacancy could exceed 30%, as a result of new buildings under construction. In Pierce County, suburban office space continues to fare better than in Tacoma's CBD.

4th Quarter 2001	Pierce County	South King	<u>East</u> King	Seattle CBA
Overall Vacancy	14.6%	10.9%	16.2%	12.4%
Class A Rents - Full Service	\$19-\$22	\$19-\$22	\$19-\$24	\$28-\$34

Survey of Class A Office Buildings. Full Service lease requires owner to bear operating costs.

Industrial Market

The industrial sector also has softened, as first dot-com users vacated or scaled back their warehouse requirements as well as their office space, and then the Boeing layoffs added to their impact. The latter event has a wide-reaching ripple effect in the region, as the many suppliers that support the aerospace industry cut back. The marketplace continues to absorb the backlog of new construction, but at a drastically slower pace. According to the CB Richard Ellis 1st Quarter 2002 Industrial Vacancy Report, industrial vacancy rate for the south end was 10.57%. 'The vacancy rate is the highest the market has experienced in years, and reflects the national and local economic downturn, as well as a reaction to 3 years of unprecedented construction and absorption', said Ed Hogan, an industrial broker for CB Richard Ellis. Also significant is the recent announcement by the Boeing Company that it is going to cut nearly 30% of its occupied space in Renton by early 2003, *this supply is not included in current vacancy estimates*. Boeing is divesting nearly 2,000,000 SF in Auburn and Kent. Currently, 75 of 2,000 (3.75%) office and industrial buildings are completely vacant in the Puget Sound area. In Tacoma/Fife, average asking lease rates dipped to \$0.31 reported by CB Richard Ellis. Landlords are offering aggressive and creative terms to attract tenants. Stagnating Tacoma's recovery is the vast

amount of industrial space available in the Kent Valley (8% vacancy with 32¢ to 35¢ asking rents) and Eastside (9.9% vacancy with 45¢ to 60¢ asking rents). Clearly, market conditions favor the buyer or renter, whom have many options available. Brokers did report favorable absorption for first quarter 2002 in Tacoma, however, this appears to be skewed by Milgard leasing 90,000 SF in a one time expansion deal. Unemployment remains high (7%) and the stock market has not recovered which limits cash available for expansion in the institutional sector. A silver lining may lie in the Western Washington Purchasing Management Index which was above 55 in March, (an index above 50 indicates a growing economy). However, most brokerage firms are forecasting declining rent rates due to the abundance of space available in the entire Puget Sound region.

Tacoma-Fife Existing SF	Overall Vacancy	Under Construction	Absorption	Asking Rents Q1 2002	Asking Rents CBA May 2002
33,131,296 SF	9.7%-11.1%	389,443 SF	-232,418 in 2001	32¢ - 38¢ shell	29¢ - 32¢ shell
			+18,999 Q1 2002	97¢ - \$1.02 office	97¢ - \$1.02 office

SOURCE: CPSRE, CB Richard Ellis, Insignia Kidder Mathews, Colliers, Grubb & Ellis for Tacoma-Fife industrial market.

As of 4th quarter 2001, Dave Sheean of Kidder, Mathews & Segner estimates between existing space and proposed construction, there is a 2.5 year supply of industrial space available in Pierce County, with most of the inventory consisting of large distribution-type institutional warehouses developed during the boom of the past few years.

The vacancy rate for smaller spaces is reportedly lower due to much less new inventory being built and higher level of demand. Gary Foreman, Pierce County Chief Assessor, remarked that all of the industrial land in the Kent Valley has been purchased for development, which is pushing demand south into Pierce County. Growth typically follows along the I-5 or SR 167 corridor. Because of traffic congestion in Seattle and a greater presence of wetlands north of Seattle, Pierce County is becoming an attractive alternative.

Retail Market

The retail sector has been the shining star, with lowest vacancies and rising lease rates fueled by sales growth of 6.2% in 2000. However, retail shop owners report sales volumes were down 5% to 10% from the previous year prior to September 11th, 2001. Taxable retail sales in King County fell 6% in the 2nd quarter, the largest quarterly decline in 25 years. Preliminary sales numbers from the holiday shopping period show an increase of approximately 1% over 2000 for the states retailers, due mostly to early promotional Christmas discounting. On-line sales performed particularly well in the 4th quarter, as the reduction in the number of e-retailers allowed for some pricing integrity. Overall, retail sales in the Puget Sound region are predicted to increase by only 1% during 2001 and 1.7% in 2002. In Pierce County, retail strength continues to benefit from national retailers coming into the marketplace. Some overbuilt areas in Redmond are offering first year rent concession at \$8 to \$9 per square foot.

4th Quarter 2001	Pierce County	South King	East King	Seattle CBA
Average Household Income	\$60,347	\$82,435	\$119,624	\$72,715
New Construction Base Rents	*\$16-\$24 NNN	*\$16-\$24 NNN	*\$21-\$30 NNN	\$50-\$100 NNN

*Buildings constructed between 1995 to 2002 surveyed. Triple net rents (NNN) require tenant to pay base rent plus operating costs.

Apartment Market

There are wide swings in vacancies, unit prices and capitalization rates depending on the submarket in each county and product size. Historically Pierce County's economy trailed King County and was less diversified. As Seattle became built up supply of land for new development was constricted and home prices hit an average of \$350,000. This has pushed new developments, particularly industrial, into South King County which created jobs within commuting distance of Pierce County. King County's growth is impeded because of traffic congestion, and crossing waterways limits new freeway construction as costly. Although the economy has slowed, which is limiting new construction plans in Pierce County, apartment rents are still projected to increase by 3% to 4%. Low interest rates continue to attract investors to buy apartments, although capitalization rates have nudged upwards to reflect risk of higher vacancies.

4th Quarter 2001	Pierce County	King County
*Unit Prices 2001	\$25,925-\$58,333	\$38,461-\$161,666
Vacancy Rate 2001	4.6%	5.4%
Vacancy Rate 2002 projected	5.7%	7.7%

*Apartment buildings with 20 to 300 units surveyed

Conclusion

Despite the recession, many sectors within the local real estate market continue to be attractive to investors and owner/occupant buyers. Smaller properties are still sought out by owners. Many investors have cash available, but no product is on the market – particularly neighborhood strip retail. Transaction levels are being fueled by low interest rates and from investors retreating from the stock market. As vacancy rates rise and rent rates level off, “bargains” may become available for those buyers with available capital, particularly in sectors such as industrial and office. New construction in such a market is frequently limited to relatively small build-to-suit projects, rather than large speculative properties that may have prolonged absorption periods. Initial reports indicate that the national economy grew at a 5.6% annual rate in the first quarter of 2002 and manufacturing output has been increasing. However, local economists predict that the Puget Sound economy will recover at a slower rate because of Boeing and numerous failed dot com companies.

Neighborhood

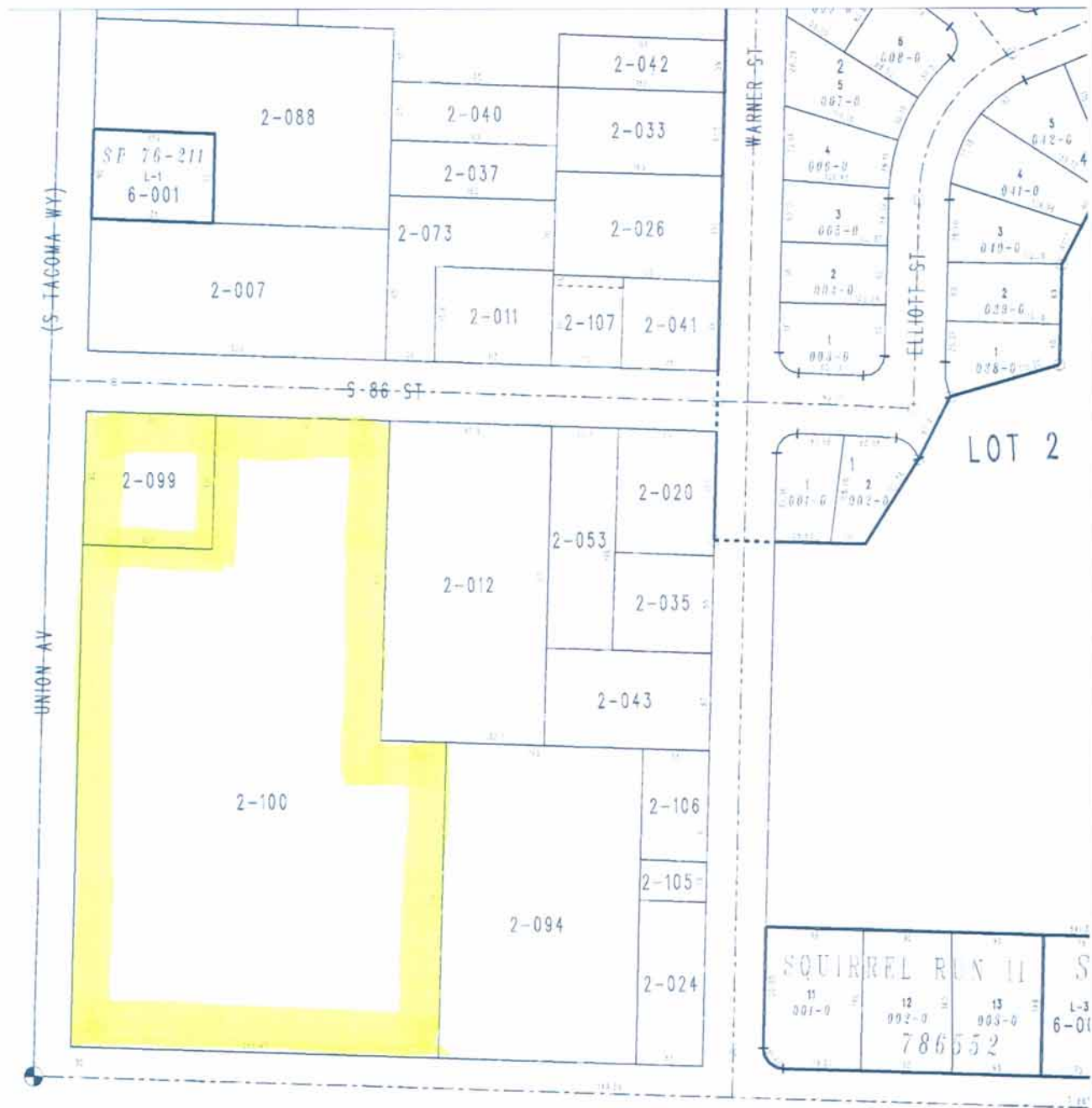
Specifically, the subject property is located in the City of Lakewood, in the South Tacoma Way commercial district. Elements attracting tenants to the subject's neighborhood is influenced by the presence of new/used auto dealerships and heavily concentrated strip retail uses occupied by predominately Korean retailers. Lakewood Towne Center (formerly Lakewood Mall) and the military bases, as well as affluent homes along the lakeshores, attract development to Lakewood. Occupancy rates are average and small retail units vary from \$8 SF to \$16 SF triple net (NNN) rents, depending on age and size. The subject is located in an established neighborhood that is characterized as stable.

The subject property is an unanchored neighborhood strip center with easy freeway access and good traffic exposure. It has a broad appeal to local investors and this market segment has been less effected by the pendulum price swings found in the overall regional marketplace.

Description of Site

Land size was estimated by reviewing county records, and is subject to an engineering survey.

<i>Size</i>	±16,988 SF in parcel 032031-2099 ±194,278 SF in parcel 032031-2100 ±211,266 SF total land area (4.9 acres)
<i>Shape</i>	Rectangular-shaped parcel.
<i>Zoning</i>	The parcel is zoned C2, a moderate intensive commercial zoning class allowing for most retail/office uses.
<i>Access</i>	South Tacoma Way, a primary arterial
<i>Frontage</i>	±630 fronts South Tacoma Way with good traffic exposure ±360 frontage along South 88 th Street with low traffic exposure
<i>Topography</i>	Level to rolling topography
<i>Visibility</i>	Traffic exposure and visibility are rated above average.
<i>Easements</i>	Assumed to be free of easements which would preclude site development.
<i>Utilities</i>	Typically utilities are available to site, including gas and sewer.
<i>Soils</i>	Assumed to be adequate to support development and an assumption of this appraisal is that there are no environmental concerns impacting the utility of the site.
<i>Flood Zone</i>	Not in a designated flood zone.
<i>Comments</i>	The site is asphalt paved. Site size, shape and location have good market appeal for commercial development. Location identity is good, with signalized traffic intersection controlling access. Freeway access is above average.



Plat Map

Description of Improvements

Building size was estimated from lease summary and is based on net rentable area.

Specifications	
Net Rentable Area (NRA)	±49,839 SF
Number of Units	24
Occupancy	96.4%
Parking	296 spaces (1 per 168 SF)
Land Size	211,266 SF
Land to Building Ratio	4.24-to-1

<i>Year Built:</i>	1970 per county records. Effective age ±20 years Economic Life is 45 years and remaining life is ±25 years.
<i>Building Characteristics</i>	Concrete tilt-up with stucco veneer and vinyl awnings.
<i>Design</i>	Average quality strip retail center in average condition. The large unit occupied by the church is dysfunctional in its layout (former use was a theater) and had been vacant for a long time. The remaining units exhibit average functional utility.
<i>Quality</i>	Average quality improvements in average condition.
<i>Americans with Disabilities Act (ADA):</i>	This facility was constructed prior to the ADA's enactment in 1992. We have not reviewed an ADA survey to determine if the building is fully compliant with ADA's requirements.
<i>Comments</i>	The assessor records indicate a larger building size of 54,497 SF which the difference is attributed to common areas. NRA is based on rent roll provided. There are some instances of deferred maintenance items. Repairs are required to the roof system. Overall, building design exhibits slightly below average functional utility as a neighborhood strip retail center because units are not separately metered. Unit mix is well balanced and occupancy is 96.4% with only two vacant units.

Properties Abutting Subject

Abuts	Description
North:	Retail
South:	South 88 th Street, a secondary arterial
East:	Retail
West:	South Tacoma Way, a primary arterial

The roof requires repair. Final bids were not available for review.

Sales Approach

The sales selected vary in comparison to the subject. The subject is a 4.9 acre parcel improved with asphalt paving for 296 parking spaces and a 49,839 SF retail building. It is located on a signalized intersection of a primary arterial, South Tacoma Way, with good traffic exposure, above average visibility and easy freeway access. Sales similar to the subject's Highest and Best as a neighborhood strip retail center were researched.

Property		Sale Date	Sale Price	Bldg Age	Land Size	Building Size	Price per Bldg SF
1. United Plaza 8718-8729 S. Tacoma Way, Lkwd	L2589	4/1/02	\$2,825,000	1990	Portion of center	32,000 SF	\$88.28 SF
2. Meadow Park Plaza 7304 Lakewood Dr W, Lkwd	L2590	4/99	\$3,360,000	1985	136,342	38,665 SF	\$86.90 SF
3. Spanaway Plaza 17415 Pacific Ave S, Spanaway	L2588	1/2/01	\$2,330,000	1985	95,630	23,950 SF	\$97.33 SF
4. Narrows Plaza 2301 Mildred St W, University Place	L2591	7/1/99	\$4,800,000	1985	199,069	48,017 SF	\$99.96 SF
Subject Property				1970	211,266 SF	49,839 SF	

Sale 1 is anchored by United Warehouse furniture sales. This has been a troubled center in the past, with higher than typical vacancies. The property went into foreclosure and new management has turned around the leasing activity in this center. However, some tenants were given sweetheart deals to sign on early in the process and those units are encumbered with below market leases.

Sale 2 has good traffic exposure located at a signalized intersection. Improvements are in good condition. The complex was fully leased at the time of sale. This property sold with a 9.5% cap rate when interest rates were slightly higher than current rates.

Sale 3 is located in Spanaway in a similar to slightly inferior trade area. Improvements were in good condition. There was a chronic vacancy with the elbow unit.

Sale 4 is a neighborhood shopping center located in University Place, in a slightly superior trade area. Improvements are in average condition. Tenants include the Narrows Plaza movie theaters, restaurants and retail shops.

Retail
Businesses

②

①

②

South Tacoma Plaza Mall

Pump Islands

KM Food
Mart & Gas

UST
Tank Pit

⑨

⑤

86th STREET S.

Chung Ki Wa
Korean BBQ
Restaurant

Existing Parking Area

Multi-Family
Housing

Gym

Bldg. 1

Bldg. 2

Bldg. 3

Bldg. 4

Pad-Mounted
Transformers

Multi-Family
Housing

Existing Parking Area

⑦

⑧

⑪

⑩

88th STREET S.

Heritage
Bank

Existing Parking Area

Office
Building



LEGEND



Photo Number and
Direction of View



Existing Building



Subject Site

NOTE: This plate may contain areas of color.
ECI cannot be responsible for any subsequent
misinterpretation of the information resulting
from black & white reproductions of this plate.

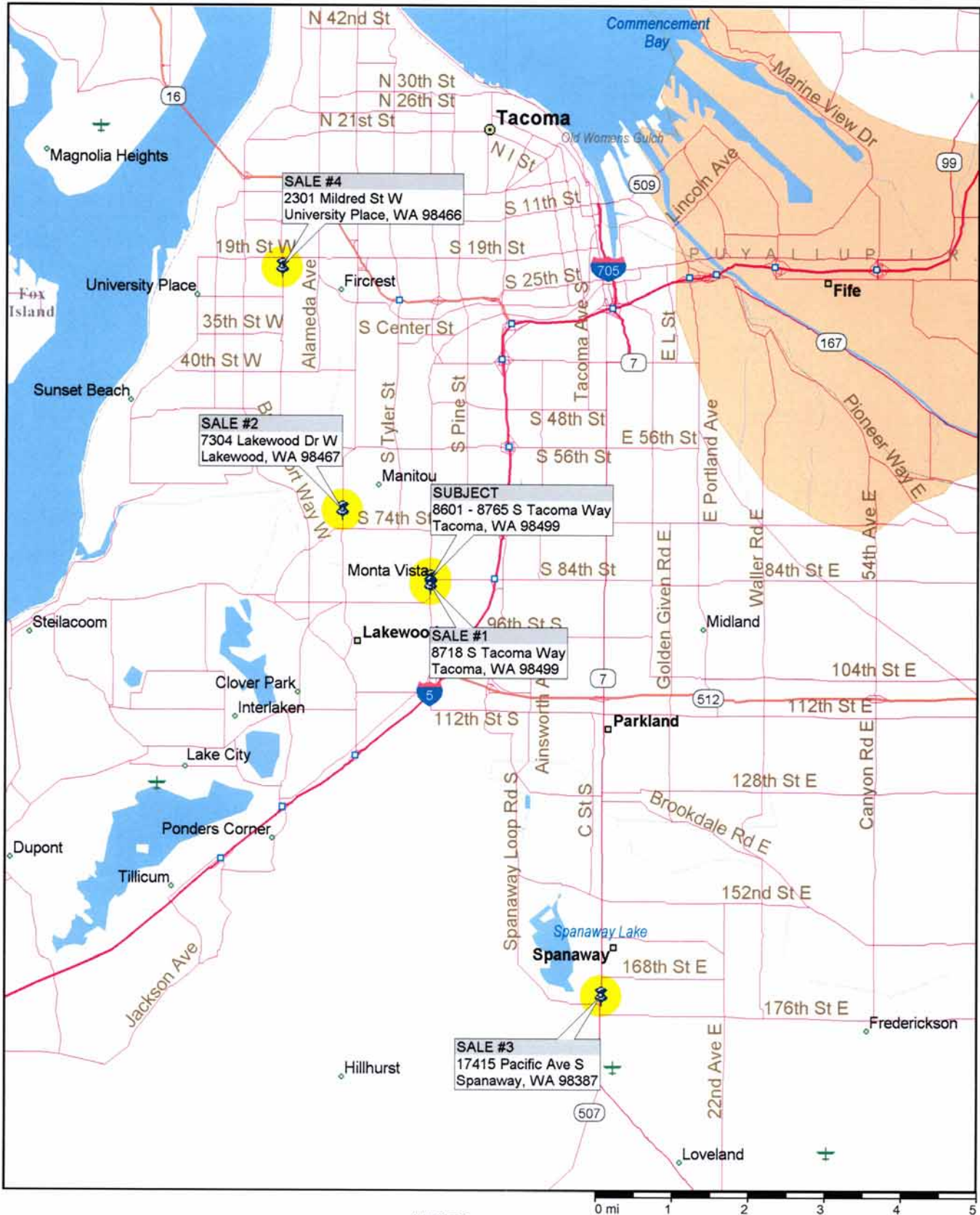
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Site Plan
South Tacoma Village
Tacoma, Washington

Drwn. GLS	Date Feb. 2003	Proj. No. 10316
Checked RH	Date 2/28/03	Plate 2

MAP OF SALES



Streets98

Income Approach

The following rentals are all located within the subject's competitive market in Lakewood and represent current leases that were recently negotiated.

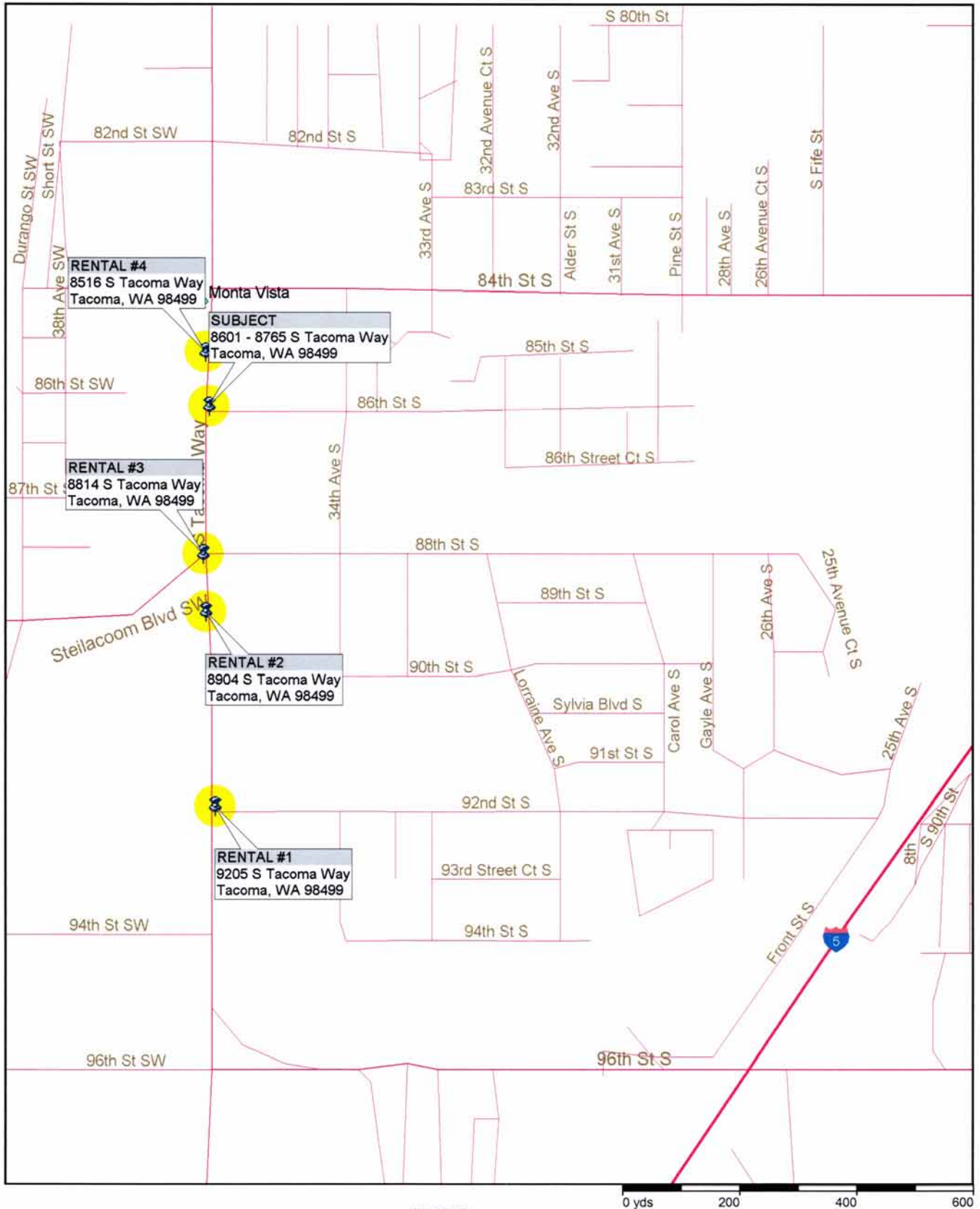
	Subject	Rental #1	Rental #2	Rental #3	Rental #4
		R.298	R.85	R.299	R.840
	South Tacoma Village	Shin Shin Plaza	South Park	South Tacoma Plaza Mall	Royal Plaza
Address	8601 South Tacoma Way	9205 South Tacoma Way	8904 South Tacoma Way	8814 South Tacoma Way	8516 South Tacoma Way
Complex Size	49,839 SF	17,184 SF	13,010 SF	106,089 SF	13,280 SF
Unit Size	400 - 8,000 SF	1,000-4,000 SF	900-2000 SF	1,000-8,000 SF	1,000-2,000 SF
Use	Retail/Restaurant	Retail & Restaurant	Retail	Retail/Restaurant	Retail
Year Built	1971	1988	1988	1987	1947/1975
Condition	Average	Average	Average Plus	Average	Average
Location	Good	Good	Good	Good	Average
Rent/SF per year NNN		\$13 - \$18 SF	\$13-\$16 SF	\$9-\$15 SF	\$10-\$14 SF

Market rent rates for the subject property is indicated from \$10 to \$18 SF with triple net lease (NNN) structure, with the tenant paying all expenses except for management and reserves. Triple net expenses typically paid by the tenant include utilities, janitorial, taxes, insurance and maintenance. Typical NNN expenses paid by the ownership include management fees and reserves for roof and HVAC replacement. The subject leases vary and collection of triple net expense and CAM charges vary. Therefore, the rent collected will be added to the NNN/CAM charges then the estimated operating expenses will be deducted to arrive at the current Net Operating Income. Except for Yen Ching restaurant, the subject units are not separately metered.

The subject rents range from \$10.62 SF to \$17.74 SF with the central tendency between \$11 to \$14. The median rent is \$13 SF, meaning 50% are leased below \$13 SF and 50% are leased above \$13 SF. Overall, the subject complex is within market range. Olympus Spa is well below market at \$6.01 SF, however, this will be utilized in the pro-forma because it is a long term lease over a typical holding period. The church is leasing a former theater space for \$3.47 SF, which had been difficult to lease out because it does not have direct frontage on the arterial and its design. Therefore, the current rents collected will be utilized in the pro-forma.

The proforma income statement will be developed current rent roll in place and places \$10 SF on the 1,800 SF vacant unit and \$12 SF on the 477 SF vacant unit. A capitalization rate will be applied to the subject's net operating income, NOI.

MAP OF RENTALS



Subject's Income & Expense

The market convention for retail leases is triple net with the tenant paying for all expenses except management and reserves. This appraisal is based on the Rent Roll provided by Neil Walter dated May 2002 (refer to Addenda). This information is summarized in the chart with the vacant units leased at \$12 SF for the 477 SF and \$10 SF for the 1,800 SF unit.

	Rent Roll	Annual Rent	Rent per SF/Year	Size
Monthly Rent Collected As Occupied	\$40,055	\$480,660	\$10.11 SFNNN	47,562 sf
Monthly NNN/CAM Collected	\$8,833		\$2.23 SF	47,562 sf
1) Vacant Space		\$5,724	\$12.00 SF	477
2) Vacant Space		<u>\$18,000</u>	\$10.00 SF	1,800
Monthly NNN/CAM at \$2.23 SF-vacant units	\$423			
Potential Rent Income at 100% occupancy		\$504,384	\$12.35 SF	2,277 sf
NNN/CAM collected at 100%		\$111,074		49,839 sf
Income and expense collection from tenants		\$615,458		

1) Prior tenant paid \$9.60 SF. Asking \$12 SF NNN

2) Has been vacant for 2 years. Asking \$12 SF NNN

The rentals bracket the subject to indicate a market NNN lease rate between \$10 and \$18 per square foot per year. Units in the lower range tend to be in less desirable locations (elbow units or less traffic exposure). Units in the upper range are end-caps or in high-traffic newer centers.

It is recognized that the 6,290 SF unit leased by Olympus Health Club for \$6.01/SF/yr NNN is below market rate. However, because this lease extends over a typical holding period, therefore the contract rent of \$6.01/SF/yr NNN will be utilized.

For the vacant units, a market rent estimate of \$12/SF/year NNN is estimated for the 447 SF unit and \$10.00/SF/year NNN for the 1,800 SF unit.

There is also 962 SF of storage space utilized by the prior owner and 590 SF is used as storage by the tenant of Olympus Health Club. In the lease agreement, the tenant of Olympus Health Club pays no rent for this storage area for the duration of the 12-year lease term. Therefore, no additional income is anticipated for the small storage area.

Expense History

Historical information indicates the subject's NNN/CAM charges were \pm \$2.35 SF in 1999. Based on occupied units, NNN/CAMs are being presently reimbursed at \$2.23 SF. Olympus Health Club does not pay their full share of NNN charges and have their expense capped at \$1.40 SF, yet they are heavy water and electric users. Abundant Church rate at \$3.47 SF is also below typical rents, but will be used because it had a long vacancy period in trying to secure a tenant.

Limited expense information was provided in the May Expense statement as operating expenses were in arrears with a balance of \$17,100. June utilities were reported as \$6,300; July as \$6,900

and August as \$6,300, which annualizes to \$1.57 sf. Laurie from Neil Walter provided that utilities totaled \$38,926 over six months and she estimates \pm \$75,000 for the year. Considering winter increases, utility expense is rounded to \$2.01 sf or \$100,000.

In some of the subject leases it requires the tenant to pay triple net expenses. However, the prior ownership has not been enforcing NNN/CAM collections. NNN/CAM charges are not consistent, as some tenants pay a fixed utility amount regardless of use, such as the Olympus Spa. The current NNN/CAM expenses paid by the tenants will be added into the income stream, then expenses will be backed out to reflect the actual net operation income (NOI) derived from the current management of the real estate. The upside potential of recovering NNN/CAMs, thus increasing the NOI, will be considered in the cap rate selection.

The following chart describes typical Triple Net (NNN) and Common Area Management(CAM) expenses utilized by sales in developing a cap rate. The subject's current expenses are higher than typical because NNN/CAM expense are not being reimburse and some tenants are not required to pay their share of common expenses.

Sale	Lease Type	Expense Ratio % of EGI
Narrows Plaza	NNN	5%
Spanaway Plaza	NNN	3%
Meadow Park Plaza	NNN	5%

Leasing commissions and tenant improvement costs are not included as a line-item expense when the direct capitalization method is utilized. These items are implicit in the capitalization rate, as comparable sales did not deduct these expenses when calculating their capitalization rates.

Direct Capitalization Rate

This analysis applies a Capitalization Rate derived from the market to the net income projected for the subject property. By this method, all benefits derived from the ownership of the property have been allowed for, with the exception of depreciation (which varies from investor to investor).

Market Sales		
Sale		CapRate
Meadow Park Plaza	4/99	9.5%
Spanaway Plaza	1/01	
Narrows Plaza	7/99	9.6%
Meridian Plaza, Puyallup	2/99	9%
Ballys, Puyallup	12/00	9.25%
Chambers Creek, Steilacoom	4/00	9%

Interviews with local real estate agents indicate good quality buildings in good locations are now selling with cap rates in the 8%-9% range. Interest rates have fallen to new 40-year lows and investors are fleeing from the stock market into real estate. Weighing all factors and considering the subject's current lease structure, a capitalization rate of 9% to 9.5% is

supported for South Tacoma Village with the as-is lease structure, upside potential if leases are enforced to recover further triple net expenses and considers they are separately metered units.

Estimated Annual Income & Expenses			
		% of EGI	49,839 SF
Income:			
Rent Collected at 100% Occupancy	\$504,384		\$10.12 SF NNN
NNN/CAM Recovered From Tenants	<u>\$111,074</u>		
Potential Gross Income (PGI):	\$615,458		
Less Vacancy on PGI (5%):	<u>-\$30,773</u>		
Effective Gross Income (EGI):	\$584,685	100%	
Owner's Expenses:			
Operating Expenses			
Management (6.04% of \$504,384)	\$30,480		\$0.61
Insurance	\$10,000		\$0.20
Taxes	\$54,383		\$1.09
Repairs	\$13,000		\$0.26
Utilities	<u>\$100,000</u>		<u>\$2.01</u>
Total Expenses	\$207,863	36%	\$4.17
Janitorial	Tenant Pays		
Interior Maintenance	Tenant Pays		
Net Operating Income (NOI):	\$376,822	64%	\$7.56 SF
	÷ 9% to 9.5%		